



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case reference : **LON/00BB/OLR/2020/0331**

Property : **Flat 46B Church Road, London E12
6AF**

Applicant : **Ms Mitzi Stillebroer**

Representative :

Respondent : **Mr Sultan Khan**

Representative :

Type of application : **Section 48 of the Leasehold
Reform, Housing and Urban
Development Act 1993**

Tribunal members : **Judge Simon Brilliant
Ms Marina Krisko FRICS**

**Date of determination
and venue** : **08 December 2020 at
10 Alfred Place, London WC1E 7LR**

Date of decision : **08 December 2020**

DECISION

Summary of the tribunal's decision

- (1) The appropriate premium payable into court for the new lease is **£6,300**. This is subject to the set off referred to in paragraph 9 below.

Background

1. This is a missing landlord case. The case was heard on paper.
2. The Applicant is the lessee of Flat 46b Church Road, London E12 6AF (“the property”) under a lease dated 29 October 2002 (“the existing lease”).
3. The existing lease is registered under title number EGL447121. It is for a term of 99 years from 29 October 2002. Accordingly, there are 81 years left on the lease.
4. The ground rent is £100 during the first 33 years, £200 during the second 33 years and £300 during the final 33 years.
5. The Respondent is the freeholder of 46 Church Road, registered under title EGL274633.
6. The Applicant has never met the Respondent and has been unable to locate him.
7. By a notice of claim brought in the County Court at Clerkenwell and Shoreditch dated 5 November 2019, the Applicant sought a vesting order pursuant to s.50 Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”) providing for the surrender of the existing lease and for the granting of a new lease on such terms as might be determined by the Tribunal, with a view to the new lease being granted in like manner as if the Applicant had, at the date of her application, given notice under s.42 of the Act to exercise her right to require a new lease of the property.
8. By an order dated 20 February 2020, District Judge Manners ordered that there should be a vesting order and the Applicant might make an application to the Tribunal for determination of the lease terms together with the sums payable under s.51(5) of the Act.
9. The Respondent was ordered to pay the costs assessed in the sum of £2,806.58, and the Applicant was given permission to set this sum off against the sums payable into court.

The property

10. The Applicant relies on a valuation prepared by Mr JA Rollings MRICS dated 6 April 2020.
11. The property is a self-contained flat on the first floor of a two-storey, mid-terraced building. Originally there were commercial premises on the ground floor, but the commercial use has been discontinued and the ground floor is now in residential use.
12. The flat is approached from the separate entrance at the front of the building with an internal staircase providing access to the first floor.

There is no private outside space demised to the Applicant.

13. The area is a mixed one, but predominantly residential in East London. It is reasonably well served by the local shopping, public transport and other facilities.
14. There are a few local shops but better shopping facilities can be found approximately up to 0.5 km away. Three underground stations and one mainline station are all within 1 km of the property.
15. The flat comprises an entrance hall and stairs, three rooms, a kitchen and bathroom. The gross internal floor area is in the region of 60m² (645 ft²). There is independent gas fired central heating
16. The exterior of the building has only been maintained to a basic standard. There has been a general lack of maintenance. The property itself has been maintained to a basic overall standard. Fixtures, fittings and decoration all show general wear and tear. There is condensation or penetrating dampness in some of the rooms.

The valuation

17. For the purposes of valuation it has to be assumed that the property has been maintained in accordance with the full repairing covenants in the existing lease.
18. The matters to be considered are (a) capitalisation rate, (b) deferment rate, (c) the unimproved extended lease value, and (d) value of the property in possession to the Respondent. There is no marriage value. The valuation date is 19 October 2019.

Capitalisation rate

19. Mr Rollings takes the capitalisation rate as 7%. This is the rate usually agreed between valuers for suburban properties with a modest ground rent and limited provision of the rent review.

Deferment Rate

20. Taking into account the Upper Tribunal decision in Vyvoda v Grosvenor West End Properties Ltd [2013] UKUT 0334 (LC), Mr Rollings has applied a deferment rate of 5% to calculate the value of the Respondent's present and future reversions.

The unimproved extended lease value and comparable evidence

21. Mr Rollings has made verbal enquiries of the local estate agents and searched Internet sites such as "Right Move Plus", "Net House Prices" and "Essential Information Group".
22. His analysis of these comparable transactions include adjustments, where possible, for size, location, date of sale, condition and any other amenities such as outside space. To adjust the differences in the date of sales of comparable properties, he had used the index of property prices produced by the Land Registry for flats in Newham ("the index").
23. Mr Rollings except that comparable evidence is very limited and far from compelling. But his research suggests that the market value of the property of this type and size, maintained in good general condition and

with a good long lease, would have been likely to fall in the range of £200,000-£250,000 at the valuation date.

24. In addition, local estate agents put a figure of £240,000 - £250,000 on the property. The managing agent was of the opinion that the figure would be nearer to £200,000.
25. The property was purchased for £107,000 in April 2011. The index suggests that the value of the property would have increased to a figure of £193,400 since then.
26. Mr Rollings relies upon four comparables.
27. The first comparable is **2(a) Harcourt Avenue, London E12**. This is a slightly larger (678 ft²) two bedroom flat above shop premises. It sold, apparently in good condition, in March 2019 for £243,000. The index suggests that the value would have increased to £244,650 at the valuation date.
28. The second comparable is **325b Dersingham Avenue, London E12**. This is a two bedroom first floor flat in basic condition situated above former commercial premises. An offer of £185,000 was received for the flat in mid-2019, but this does not appear to have resulted in a completed sale. The flat was offered for sale by public auction on 30 April 2020 with a guide price of £170,000. We are not told what happened at the auction.
29. The third comparable is **684(a) Romford Road, London E12**. This is a two-bedroom, first floor flat situated over commercial premises. It was sold, apparently in average condition in June 2018 for £215,000. The index suggests that the value would have increased to £216,000 at the valuation date.
30. The fourth comparable is **20 Skeffington Road, London E6**. This is a two bedroom first floor flat in a converted house. It was sold, apparently in good condition, in January 2024 £260,000. The index suggests that the value of the flat would have been in the order of £261,200 at the valuation date.
31. Taking these comparable into consideration, Mr Rollings is of the opinion that the value of the property is likely to have been around the midpoint of the range suggested above of £200,000-£250,000 at the valuation date. He therefore adopts a long lease value of £225,000.

Value of the property in possession to the Respondent

32. Mr Rollings says that in common with most valuers he has taken the long lease value to be approximately 99% of the value of the property in possession to the Respondent. The 1% differential represents the advantage to the landlord when possession is obtained at the end of the lease.

Calculation of the value

33. Mr Rollings comes to a figure of £6,300.
34. He has arrived at this figure as follows:

Ground Rent				100		
YP	15.03	7.00		9.1184	912	
Revised Ground Rent				200		
YP	33	7.00	12.7538			
PV £1 def	15.03	7.00	0.3617	4.6132	923	
Revised Ground Rent				300		
YP	33	7.00	12.7538			
PV £1 def	48.03	7.00	0.0388	0.4947	148	
Present reversion						
Value in possession to the Respondent				227,273		
PV £1 def	81.03	5.00		0.0192	4,361	
Proposed reversion						
Value in possession to the Respondent				227,273		
PV £1 def	171.03	5.00		0.0002	54	6,290
Marriage Value						0
Lease Renewal Premium						6,290 say 6,300

Our assessment of Mr Rollings' evidence

35. In the main, we agree with and accept Mr Rollings' evidence. The comparables are good ones. The freehold value should be the extended value plus 1%. This comes to £227,250. Also, the present value in possession to the Respondent is £45 not £54. Reworking valuation with these figures the premium should be £6,301. Accordingly, we do not disagree with Mr Rollings's figure.
36. Finally, we approve the draft of the lease but forward by the Applicant.

Name: Judge Simon **Date:** 08 December 2020
Brilliant

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

The application for permission to appeal must arrive at the regional office within 28 days after the tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).

